

## **Syllabus: Finance 430, Bank Financial Management, Fall 2021**

Class Hours: Tuesday and Thursday, 9:00 to 10:15am  
Class Location: All classes will be online using the **Zoom** platform  
Instructor: Ben Bystrom  
Office: BusAd E602j (Note: I will be mostly working from my home office)  
Office Hours: E-mail or call me to discuss projects, assignments and lecture notes.  
up on Zoom, just let me know and I am happy to do so.  
Phone: Cell: 808-226-6049 (call me on my cell, not on my office number)  
E-mail: [bbystrom@hawaii.edu](mailto:bbystrom@hawaii.edu)

**Text Book:** Bank Management & Financial Services, by Peter Rose and Sylvia Hudgins.  
**(Purchasing the textbook is optional. The textbook is a helpful reference but the key concepts will be covered well in the class notes, assignments and lectures.)**

**Class Notes:** Lecture outlines/notes and course materials will be available on Laulima. Expand on these notes as necessary during class lectures, discussions, and activities.

### **Course Goals and Objectives:**

- Build the financial and analytical skills necessary to work in and with the banking and financial services industry including:
  - Corporate lending and credit analysis
  - Commercial real estate valuation and lending
  - Consumer lending and credit analysis
  - Risk management and hedging in financial markets (ALM, Derivatives, Securitization, etc.) from a banking perspective.
  - Bank funding sources, capital and liquidity management
  - Pricing and marketing of financial products (CDs, loans, mortgages, etc.)
  - International banking and Foreign Exchange
- Analyze banks and other financial service companies through a review of regulations, financial statements and the competitive market environment.
- Learn to trade in capital markets including debt, foreign exchange and derivatives.
- Understand how to efficiently use banks and financial markets to raise debt capital for business and investment.

### **Course Philosophy:**

- Course is taught via lecture and interactive, in-class exercises. Students must prepare for and actively participate in all of these activities. Assignments are developed to get students involved and learn from the experience.
- Strong “real-world” focus (i.e. case studies, problem solving, trading financial instruments). Financial and Capital Market material will be added to enhance the textbook.

Consistent with the mission and academic focus of the UH CBA, in addition to learning about domestic U.S. financial institutions, we will also study international banking and finance with an emphasis on the Asia-Pacific region.

## **Grading:**

The following factors will measure students' progress through the course.

Assignments/Cases/Participation: In-class exercises, case studies and short homework assignments will be done in both an individual and group format. Most assignments will be completed in class. These assignments reinforce the financial concepts used in your projects.

Examinations: Due to the online format of the course, there will not be any exams this semester. Alternatively, there will be more project and assignment-based work.

Excel Project: Computer-based excel assignment to be completed in groups (4 students per group) that will provide an opportunity to apply the concepts and skills discussed in class. The assignment will involve spreadsheet application, analysis and writing an executive summary (1,000-word limit). Instructions will be given in class.

Group Presentation: Groups (4-5 students per group) will make a 12 to 15-minute banking style pitch. For example, pitching a corporate loan to the bank's credit committee or analyzing/rating a bank's financial position (Bank of America, JP Morgan, HSBC, etc.) to a group of investors. Groups will turn in an executive summary (600-word limit) along with a copy of their PowerPoint (25 content slides maximum) presentation material.

Class Participation: Students are strongly encouraged to actively participate in class discussions. Note: quality (not just quantity) of participation is important.

Your course grade will be based on a **reasonable curve** over the total points accumulated on all assignments. The following weights pertain to those assignments:

Assignments/Cases/Participation	40%
Excel Project(s)	25%
Group Presentation	35%

**Academic Dishonesty:** Instances of academic dishonesty, as defined by the University Student Conduct Code (<http://www.hawaii.edu/student/conduct>), will not be tolerated and any instance of academic dishonesty may result in a grade of "F." Further disciplinary sanctions may also be imposed by the Dean of Students in accordance with the fore-mentioned Student Conduct Code.

**Course Prerequisites:** BUS 314

**Attendance Policy:** Attendance is not taken; however, there are no make-ups for missed in-class assignments. You must have a written medical excuse if absent when your group presents.

**Calculators:** Have your business/finance calculator available for class each day. The Hewlett Packard 10bII and Texas Instruments BAI Plus are fine for the problems we will cover.

**Laptop and Excel:** Make sure to have your laptop with Excel open during all class meetings. An understanding of math in Excel is necessary for FIN430 so be sure to brush up a bit if you are rusty. More specifically, for this course you will need to master the time-value of money (TVM)

functions in Excel. If you are unfamiliar with TVM functions in Excel, prepare by going over online tutorials of your choice or such as those listed below.

- <https://www.youtube.com/watch?v=TDpuYH7d7Nc>
- <https://www.youtube.com/watch?v=fH2dbwplLas>
- <https://www.youtube.com/watch?v=s4Nwc9diIsc>

### **Schedule of Events:**

Below is a schedule of events, which is subject to changes depending on progress made during the course. Chapters listed correspond to *Bank Management & Financial Services*, the text is optional reading. You are required to read my lecture notes for each section prior to class. I will be asking questions.

Session	Date	Day	Topic	Pre-reading Notes	Comments
1	Aug 24	Tues	Course Intro and Current Events	Chp 1	
2	Aug 26	Thur	Corporate Credit and Lending	Chps 16 & 17	
3	Aug 31	Tues	Corporate Credit and Lending	Chps 16 & 17	
4	Sept 2	Thur	Corporate Credit and Lending	Chps 16 & 17	
5	Sept 7	Tues	Corporate Credit and Lending	Chps 16 & 17	
6	Sept 9	Thur	Commercial Real Estate Lending	Handout	
7	Sept 14	Tues	Commercial Real Estate Lending	Handout	<b>Form Presentation Groups</b>
8	Sept 16	Thur	Commercial Real Estate Lending	Handout	
9	Sept 21	Tues	Consumer Credit and Lending	Chp 18	
10	Sept 23	Thur	Consumer Credit and Lending	Chp 18	
11	Sept 28	Tues	Residential Mortgage Lending	Chp 18	
12	Sept 30	Thur	Residential Mortgage Securitization	Case Study	Skim Chapter 9 for reference
13	Oct 5	Tues	Residential Mortgage Securitization	Case Study	
14	Oct 7	Thur	Reserved for Guest Speakers TBD		
15	Oct 12	Tues	Bank Regulation	Chp 2	(Legal Reserves discussion is from Chp 11) (BIS discussion is from Chp 15)
16	Oct 14	Thur	Bank's Structure (Branches, ATMs)	Chps 3 & 4	
17	Oct 19	Tues	Bank Financial Statements	Chp 5	
18	Oct 21	Thur	Bank Financial Statements	Chp 5	
19	Oct 26	Tues	Analyzing Bank Performance	Chp 6	Includes some parts of Chp 13
20	Oct 28	Thur	Analyzing Bank Performance	Chp 6	
21	Nov 2	Tues	Bond Math and Analysis	Chp 7 & 10	
22	Nov 4	Thur	Interest Rates and ALM	Chp 7 & 10	
23	Nov 9	Tues	Interest Rates and ALM	Chp 7 & 10	
	Nov 11	Thur	<b>Holiday: Election Day</b>		<b>Get out the Vote!</b>
24	Nov 16	Tues	Hedging: Swaps, Futures, Options	Handout	Skim Credit Swaps/Options Chp 9
25	Nov 18	Thur	Hedging: Swaps, Futures, Options	Handout	Skim Credit Swaps/Options Chp 9
26	Nov 23	Tues	Foreign Exchange Markets	Handout	
	Nov 25	Thur	<b>Holiday: Thanksgiving</b>		
27	Nov 30	Tues	Reserved for Guest Speakers TBD		
28	Dec 2	Thur	<b>In class Group Presentations</b>		
29	Dec 7	Tues	<b>In class Group Presentations</b>		
	Dec 14	Tues	<b>All Final Group Presentation material due by 12:00 noon</b>		

Note: Scheduling of guest lecturers is still being arranged. Time and specific subjects will be announced in class.